

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 OMB-01 TRSE-00 /060 W  
-----127566 230012Z /75

R 221827Z DEC 77  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 1568  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
AMEMBASSY THE HAGUE  
AMEMBASSY LUXEMBOURG  
AMEMBASSY PARIS  
AMEMBASSY ROME  
USMISSION USNATO  
AMCONSUL BELFAST  
AMCONSUL EDINBURGH

C O N F I D E N T I A L LONDON 20831

USEEC ALSO FOR EMBASSY

USOECN ALSO FOR EMBASSY

E.O. 11652: GDS  
TAGS: PGOV, PINT, UK  
SUBJECT: LIBERALS STRIVING TO PRESERVE PACT UNTIL SUMMER

REF: A) LONDON 20539, B) LONDON 20278  
/ SUMMARY. FROM THE WAY LIBERAL PARTY PLANS FOR JANUARY 21  
SPECIAL ASSEMBLY TO DECIDE FATE OF LIB-LAB PACT ARE  
MOVING FORWARD, IT APPEARS LIBERALS WILL ENABLE PACT TO  
CONTINUE UNTIL SUMMER 1978. WITH ORDERLY ABROGATION OF  
PACT, AND CAREFULLY CHOSEN WORDING FOR RESOLUTION TO BE  
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ADOPTED WHICH DOES NOT CONTRADICT DAVID STEEL'S PACT-  
MAKING STRATEGY, PARTY UNITY WILL HAVE BEEN PRESERVED  
AND STEEL SHOULD FEEL ABLE TO CONTINUE AS PARTY LEADER.  
END SUMMARY.

1. LIBERAL PARTY STANDING COMMITTEE HAS NOW DEVISED  
RESOLUTION FOR CONSIDERATION BY JANUARY 21 SPECIAL

ASSEMBLY AT BLACKPOOL. TEXT -- CAREFULLY CRAFTED TO BRIDGE GAP BETWEEN STEEL AND PARTY ACTIVISTS -- RECOGNIZES THAT PACT HAS BEEN IN NATIONAL INTEREST AND DEPLORES UNDERMINING ACTION BY "MANY LABOR MP'S LED BY LEFT WING CABINET MINISTERS...CO-OPERATING WITH THE CONSERVATIVE LEADERSHIP TO FRUSTRATE DEMOCRATIC REFORMS AND EUROPEAN IDEALS." IT THEN LEAVES TO ASSEMBLY CHOICE OF ADOPTING ONE OR OTHER OF TWO ALTERNATIVE OPERATIVE CLAUSES CALLING FOR (1) ENDING PACT AFTER FINANCE BILL IS ENACTED INTO LAW, OR EVEN EARLIER IF "SUBSTANTIAL LIBERAL MEASURES" ARE NOT INCLUDED IN BUDGET, OR (2) ENDING PACT IMMEDIATELY. TEXT CLOSES WITH IMPLICATION THAT LIBERAL PARTY WOULD WANT GENERAL ELECTION RELATIVELY SOON AFTER ABROGATION OF PACT.

2. THIS DRAFT TEXT HAS BEEN VETTED THROUGH STEEL WHO FINDS IT ACCEPTABLE. IT STILL HAS TO BE FORMALLY ADOPTED BY COMPETENT PARTY ORGANS FOR ADVANCE CIRCULATION TO ASSEMBLY PARTICIPANTS.

3. EXPECTATION IS THAT BY OFFERING ASSEMBLY THESE TWO MAJOR OPTIONS AS FOCUS OF DEBATE, PARTY ORGANIZATION WILL HAVE HELPED LIMIT AMENDMENTS THAT COULD COME FORWARD TO DISRUPT PROCEEDINGS. WE UNDERSTAND FROM SENIOR PARTY OFFICIAL THAT STANDING COMMITTEE, WHICH REPRESENTS FULL SPECTRUM OF PARTY OPINION, FAVORED BY CONFIDENTIAL

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TWO-TO-ONE MARGIN THE OPTION TO PERMIT PACT TO CONTINUE UNTIL FINANCE BILL IS ENACTED (I.E., SUMMER OF 1978). TEMPERERS ARE COOLING IN PARTY ABOUT DEFEAT OF PR FOR EUROPEAN ELECTIONS. WHILE DEBATE AT ASSEMBLY IS EXPECTED TO BE VIGOROUS, FURTHER MOVEMENT TOWARD CONSENSUS IS ANTICIPATED UNLESS SOMETHING UNFORESEEN HAPPENS IN THE MONTH THAT REMAINS TO UPSET THE FAVORABLE TREND. THE OVERWHELMING MAJORITY OF PARTY MEMBERS WANT STEEL TO REMAIN AS LEADER AND PARTY OFFICIALS BELIEVE OPTION (1) SUCCEEDS IN RECONCILING HIS CURRENT POSITION (ADMISSION THAT PACT CANNOT NOW CONTINUE INDEFINITELY UP TO THE NEXT ELECTIONS, BUT INSISTENCE THAT TERMINATION SHOULD BE ORDERLY AND NOT CONTRADICT ESSENTIAL STRATEGY OF PACT- AND EVENTUALLY COALITION-MAKING) WITH THAT OF ACTIVISTS WHO CONSIDER THAT CONTINUING THE PACT IS NO LONGER JUSTIFIED AND WANT TO SEE THE LIBERAL PARTY MOVE QUICKLY AND DECISIVELY ENOUGH TO REESTABLISH AN INDEPENDENT IMAGE.

BREWSTER

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## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
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**Enclosure:** n/a  
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**Errors:** N/A  
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**To:** STATE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009